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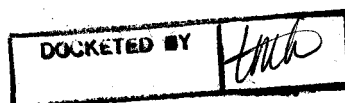
Jeffrey S. ROWE  
Sales Engineer

July 6, 1998

Mr. Ray T. Williamson  
Acting Director, Utilities Division  
Arizona Corporation Commission

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Dear Mr. Williamson,

Schlumberger very much appreciates this opportunity to comment on the 1<sup>st</sup> Draft of the Retail Electric Competition Rules (R14-2-1601 et al.). We are the largest manufacturer of electric, gas and water meters in the world and a major supplier to the utility industry in Arizona and throughout the United States. We are also participants in the deregulation process in many of those states where such process is underway.

Our comments and concerns relate to the proposed Performance Metering Specifications and Standards. Specifically, our comments relate to ANSI Standard C12.19.

First of all, we take strong issue with the immediate inclusion of the Utility Industry Tables as proposed in this standard. This is a very recently proposed Standard and there is some vagueness as to its exact approval status and availability to all market participants. We are told by both other vendors and our customers that in spite of this standard's stated goals, it is being utilized differently by those few market participants attempting to deal with it in its current immature state. Adopted indiscriminately this standard will also prohibit the use of many of the finest and most powerful of AMR systems on the market today. No major systems today make use of it, its newness lends it a certain fragility which should be of great concern.

Secondly, we believe that reference should be made and support be given to the "grandfathering" of existing technologies in use in metering in Arizona today. The tremendous majority (possibly the entirety) of meters being sold and installed today in Arizona do not comply with this proposed standard. We do not feel that it is the intention of the Commission to immediately outdate all those meters via standard changes. These products and the systems that support them have many years of useful life ahead of them and they should not be added to the category of stranded investment if it can be avoided. We urge the Commission to directly allow the continued operation of and support of such existing products and systems in the

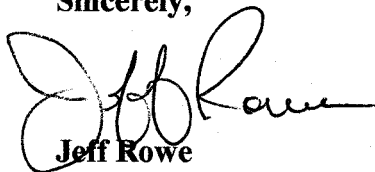
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**Arizona marketplace until their usefulness is terminated by the technical momentum of the marketplace or the national marketplace.**

**Lastly, we would like to point out that acceptance of this same standard is still in question in California. The recommendation in California would allow for the continued sale of existing technologies without regard to C12.19 until 3/00. New meters offered for approval after this date would have to comply with this standard. Nonetheless, a decision in California may not come until later this year.**

**Again, we appreciate the opportunity to take part in this process. We look forward to continuing a dialogue as the process of utility restructuring unfolds in Arizona. Please do not hesitate to give me a call at 602/437-0799 if I can be of any further assistance.**

**Sincerely,**



**Jeff Rowe**  
**Client Services Manager**  
**Schlumberger RMS**